House of Representatives

General Assembly

File No. 250

January Session, 2011

House Bill No. 6496

House of Representatives, March 28, 2011

The Committee on Banks reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT ESTABLISHING THE FINANCE AND BANKING DEVELOPMENT COMMISSION AND THE CONNECTICUT FINANCE CENTER.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective July 1, 2011*) (a) There is established a Finance and Banking Development Commission consisting of eight members. The commission shall consist of six members appointed as follows: (1) One appointed by the president pro tempore of the Senate, who shall have expertise in banking; (2) one appointed by the majority leader of the Senate, who shall have experience in commercial lending; (3) one appointed by the minority leader of the Senate, who shall have experience in the business of investment advisers and broker-dealers; (4) one appointed by the speaker of the House of Representatives, who shall have experience in private equity or venture capital; (5) one appointed by the majority leader of the House of Representatives, who shall have experience in hedge funds and investment management; and (6) one appointed by the minority leader of the House of Representatives, who shall have experience in the marketing of finance and banking companies and investment services. The Banking Commissioner and the Commissioner of Economic and Community Development shall be ex-officio, nonvoting members of the commission. In the event of a vacancy for any member appointed pursuant to this subsection, such vacancy shall be filled by the appointing authority and such appointed member shall have the requisite expertise.

(b) Any member appointed pursuant to subsection (a) of this section shall serve for a term of two years beginning on October first in the year of such member's appointment. The commission shall elect a chairperson and a vice-chairperson from among its members who shall each serve in such capacity for a period of two years. Any person absent from (1) three consecutive meetings of the commission, or (2) fifty per cent of such meetings during any calendar year shall be deemed to have resigned from the commission, effective immediately.

(c) Members of the commission shall serve without compensation but shall, within the limits of available funds, be reimbursed for expenses necessarily incurred in the performance of their duties. The commission shall meet as often as deemed necessary by the chairperson or a majority of the commission.

(d) The Department of Economic and Community Development shall provide, within existing budgetary resources, any staff necessary for the performance of the functions and duties of the commission.

(e) The commission shall:

(1) Advocate for all necessary changes to the policies and laws of this state that will encourage banks and financial service companies, as defined in section 12-218b of the general statutes, to establish business operations in this state, relocate to the state and charter or organize under the laws of this state, provided a majority of the members of the commission shall be required to approve any specific advocacy before the General Assembly or any state agency;

(2) Make recommendations to the General Assembly and the Governor concerning legislation, policies, programs and services that will foster progress in achieving the desired results described in subdivision (1) of this subsection, provided any such recommendations shall be provided solely with the approval of a majority of the members of the commission;

(3) Review and comment on any proposed state legislation or recommendations that may affect the decision of banks and financial service companies to establish business operations in this state, relocate to this state and charter or organize under the laws of this state and provide copies of any such comments to members of the General Assembly; and

(4) Advise the General Assembly and Governor concerning the coordination and administration of state programs that affect progress in achieving the desired results described in subdivision (1) of this subsection.

(f) Not later than January 1, 2013, and annually thereafter, the commission shall report, in accordance with section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to banking, commerce and finance, revenue and bonding regarding the progress made in achieving the desired results described in subdivision (1) of subsection (e) of this section.

Sec. 2. (NEW) (*Effective October 1, 2011*) There is established a Connecticut Finance Center, which shall be a branch of the office of the Secretary of the State in lower Fairfield County, that shall encourage the formation and establishment of financial service companies, as defined in section 12-218b of the general statutes, and banks in Connecticut.

This act shall take effect as follows and shall amend the following sections:

Section 1	*July 1, 2011*	New section
Sec. 2	*October 1, 2011*	New section

BA *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 $	FY 13 $
Secretary of the State	GF - Cost	335,000	330,000
Comptroller Misc. Accounts (Fringe Benefits)[1]	GF - Cost	55,000	55,000

Note: GF=General Fund

Municipal Impact: None

Explanation

Section 1, which establishes a Finance and Banking Development Commission, has no fiscal impact. The Department of Economic and Community Development is required to provide any staff necessary for the Commission, but can do so within existing resources.

Section 2 establishes the Connecticut Finance Center as a branch office (in Fairfield county) of the Secretary of the State (SOS). As the SOS does not currently have any branch offices, this is expected to result in a cost of at least $335,000 in FY 12 and $330,000 in FY 13. In addition, there would be a cost of $55,000 to the Comptroller's Office for fringe benefits. The costs to SOS include funding in Personal Services of $230,000 for three positions; $100,000 in Other Expenses for leasing of office equipment, rent, utilities and other costs; and $5,000

[1] The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller on an actual cost basis. The following is provided for estimated costs associated with changes in personnel. The estimated non-pension fringe benefit rate as a percentage of payroll is 23.76%. Fringe benefit costs for new positions do not initially include pension costs as the state's pension contribution is based upon the 6/30/10 actuarial valuation for the State Employees Retirement System (SERS) which certifies the contribution for FY 12 and FY 13. Therefore, new positions will not impact the state's pension contribution until FY 14 after the next scheduled certification on 6/30/2012.

for equipment in the first year.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis
HB 6496

AN ACT ESTABLISHING THE FINANCE AND BANKING DEVELOPMENT COMMISSION AND THE CONNECTICUT FINANCE CENTER.

SUMMARY:

This bill creates the Finance and Banking Development Commission to encourage banks and financial service companies to establish business operations in or relocate to Connecticut and charter or organize under Connecticut law.

The bill also creates the Connecticut Finance Center in lower Fairfield County as a branch office of the Secretary of the State's office to encourage the formation and establishment of financial service companies and banks in the state.

The bill uses the current corporation business tax definition of financial service companies (see BACKGROUND).

EFFECTIVE DATE: July 1, 2011, for the provisions creating the Finance and Banking Development Commission; October 1, 2011, for the provisions creating the Connecticut Finance Center.

FINANCE AND BANKING DEVELOPMENT COMMISSION

Commission Membership and Procedures

The commission consists of six voting and two nonvoting members. The commissioners of the Banking and Economic and Community Development (DECD) departments are the ex-officio, nonvoting members. The bill specifies the appointing authority and required expertise for the voting members, as outlined in Table 1.

Table 1: Finance and Banking Development Commission Voting Members— Appointment and Qualifications

Appointing Authority of Member	*Member's Required Qualifications*
Senate president pro tempore	Expertise in banking
Senate majority leader	Experience in commercial lending
Senate minority leader	Experience in business of investment advisers and broker-dealers
Speaker of the House	Experience in private equity or venture capital
House majority leader	Experience in hedge funds and investment management
House minority leader	Experience in marketing finance and banking companies and investment services

Appointed members serve two-year terms beginning on October 1 in the year they are appointed. The commission must elect a chairperson and vice-chairperson to serve for two years. The appointing authority must fill any member vacancies according to the required qualifications.

The commission must meet as often as the chairperson or a majority deem necessary. Anyone absent from three consecutive commission meetings, or half of the meetings in any calendar year, is deemed to have resigned, effective immediately.

Members are not compensated but are reimbursed for their necessary expenses, within the limits of available funds.

Within its existing budgetary resources, DECD must provide any staff the commission needs.

Commission Duties

The bill requires the commission to advocate for all changes to state law or policy needed to encourage banks and financial service companies to establish business operations or relocate here and charter or organize under Connecticut law. The commission must also make recommendations to the General Assembly and the governor concerning legislation, policies, programs, and services that will foster progress in achieving such results. The bill specifies that a majority of the commission's members must approve any specific advocacy before the General Assembly or state agencies or any recommendations to the General Assembly or governor.

The commission must also:

1. review and comment on proposed state legislation or recommendations that may affect banks' or financial service companies' decisions to establish business operations in or relocate to Connecticut and charter or organize under Connecticut law, and provide copies of such comments to the General Assembly;

2. advise the General Assembly and governor concerning the coordination and administration of state programs that affect progress in achieving the bill's objectives; and

3. annually, beginning by January 1, 2013, report to the General Assembly's Banks, Commerce, and Finance, Revenue and Bonding committees on the progress made in achieving the bill's objectives.

BACKGROUND

Financial Service Companies

Under the corporation business tax law, financial service companies include banks, savings and loan and bank holding companies, certain credit unions, and their subsidiaries; certain insurance company subsidiaries; and companies (other than insurers and real estate brokers) that earn at least half of their gross income from issuing loans and specified other activities related to finance or investment.

COMMITTEE ACTION

Banks Committee

Joint Favorable
Yea 15 Nay 2 (03/15/2011)